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RV BUSINESS

NOVEMBER 1, 1988

Winnebago Chief Quits; Council to Manage Firm

Winnebago Industries Inc. has established a seven-person management council to oversee the company's operations following the resignations of President and Chief Executive Officer Gerald W. Gilbert and Executive Vice President Richard A. Berreth on Sept. 29.

Company sources indicated that the committee rule will continue indefinitely for the Forest City, Iowa, RV maker. Winnebago's new management council, which will answer to Winnebago Chairman John K. Hanson, is chaired by Bryan A. Hays, vice president of sales and marketing. The council also includes Jerome V. Clouse, vice president-treasurer; Edwin F. Barker, vice president-controller; Sharon L. Hansen, director of administration; Richard B. Carlson, vice president of engineering; Raymond M. Beebe, vice president-general counsel and secretary; and Frank Rotta, director of public relations.

Gilbert was brought in two years ago from Control Data Corp., Minneapolis, Minn., to replace former president Ronald E. Haugen. Gilbert's mandate was to streamline production, and, according to insiders, Gilbert and Berreth were asked to resign by Hanson in the wake of ongoing production problems.

According to sources, production problems emerged in the spring of this year and affected assembly operations in the summer to the extent that deliveries were held up and sales impaired. Slowdowns reportedly involved "mixed model" assembly operation, whereby motorhomes are made to

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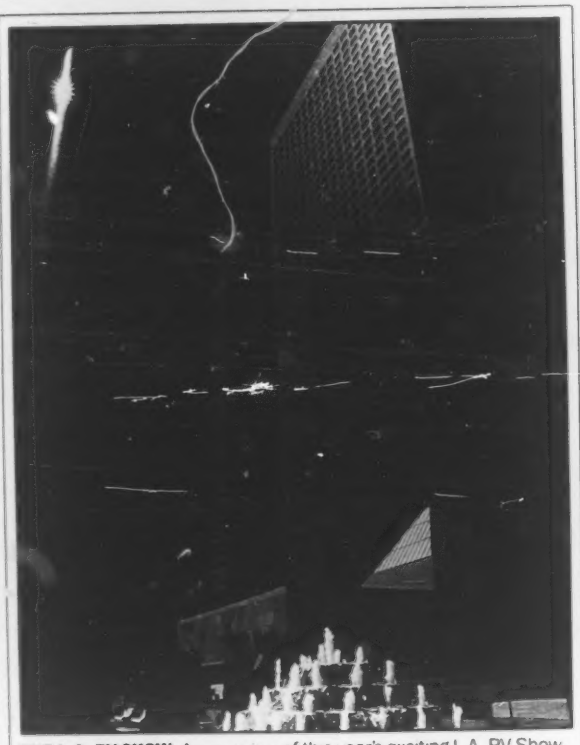

THE L.A. RV SHOW: An overview of this year's exciting L.A. RV Show at Dodger Stadium. See page 65.

Labor Shortage Hits Industry

Along with the persistent drought, the summer of 1988 will be remembered as a time in which the nation's pool of skilled and unskilled blue-collar workers dwindled to the tightest levels in 25 years. The atrophy of the labor force not only affected fast-food restaurants and resort hotels but a large number of RV manufacturers.

The problem of finding and retaining quality RV-production workers was not confined to a few isolated geographic zones. Scarcities of qualified personnel have been reported from the East Coast to Southern California. In fact, only one out of 10 RV-related companies interviewed in September expressed satisfaction with the 1988 labor situation.

While the labor shortage has eased temporarily for the RV industry with the passage of the peak selling season, the threat of an ever-tightening supply of skilled workers clearly is an issue that industry leaders must deal with in coming years.

In Elkhart County, Ind., the problem is quite evident. In June, Elkhart County, with a population of 143,000, tallied a record 104,000 jobs, 27% of them going to out-of-county workers. In the peak RV-production months of May and June, skilled workers could pick from any number of employers. And, according to RV employers, many workers did skip

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COVER PHOTO: GREATER LOS ANGELES VISITORS AND CONVENTION BUREAU

AUGUST WAS A GOOD SUMMER MONTH

GAYLORD MAXWELL

In some respects, August was an excellent month for RVB's Dealer Advisory Board (DAB). Sales volume was up 19% for the group, and 14 of the 23 members recorded monthly totals above those of August 1987. With only one exception, the large dealerships were up in dollar volume.

However, the unit-sales picture was different. New units were down a bit, although a substantial used-sales increase managed to squeeze the total into the plus column. With the unit total barely up and the dollar total strongly up, it was apparent that buyers were after more expensive units—a fact substantiated by the increase in both new- and used-motorhome sales.

New-unit grosses softened somewhat for the month and were rated good to fair. Used units were in strong demand, and profits were super. The excellent column received the most ratings from DAB members, and, with only three exceptions, the rest rated profits as good. Even with the season's end in sight, the demand for used units remained very strong.

Year-to-date, new-unit sales were slightly under those of last year (down 1%). Used sales were slightly up, which meant that total sales were up less than 1% compared with the first eight months of 1987. In short, the two years were running neck and neck in terms of units. However, in terms of dollars, 14 DAB members were ahead of last year, and the group as a whole was up substantially over the previous year.

Motorhomes

New-motorhome sales were good in August, and sales were absolutely great for used units. Class C's were making a nice comeback for many dealers and boosting their total sales. In fact, 40% of the new-unit sales for the month were C's—a higher percentage than we have recorded in a long time.

Grosses were good, according to most DAB members, with a few calling them fair and a couple calling them excellent. Those ratings were surprisingly good for a time of the year when many dealers were discounting heavily to make way for new models.

Travel Trailers

August was a poor month for many travel-trailer dealers. The 28% drop in new-unit sales was one of the sharpest monthly drops we had seen this year. Fifteen of the 21 DAB members who handle travel trailers were off last August's mark—some quite substantially. Even used sales fell into the minus column.

Grosses on the sales that were made, however, weren't bad. Most DAB members rated them good or fair. However, three dealers called them excellent. The market for this RV type hasn't collapsed, but apparently it stubbed its toe in August.

Year-to-date figures showed that the total for new units was a little behind last year's, while the total was a bit ahead for used units.

Truck Campers

New-units sales were up a bit in August, thanks to four DAB members who sold at least one unit this year and none last year. Used sales dropped considerably. Profits were rated good or excellent. Year-to-date, unit numbers were down a bit from '87.

Generally, this RV type is not doing too badly, but the surprising thing is that it's not doing fabulously. At a time when pickup-truck sales very nearly matched those of regular auto sales, it would seem that there would be a greater demand for campers. Perhaps manufacturers and dealers are missing a good bet.

Folding Camping Trailers

In both new and used units, this type held its own with the figures of last August. A few dealers were up, and a few were down for the month. A rather surprising and unexplainable fact of the year-to-date figures was that most of the large dealers of this type were down in new-unit sales.

It was "clean-up" time for folding camping trailers, and profits generally were rated poor.

Fifth-Wheels

This has been a good year for fifth-wheels. Sales were only slightly up in new units for August, but the year-to-date's 20% increase was the best for any RV type sold by the DAB. The same went for used fivers, which came close to matching the new-unit increase.

Profit ratings for the month were about evenly distributed from excellent to fair. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	AUG. 1988	AUG. 1987	% CHANGE	1988	1987	% CHANGE	AUG. 1988	AUG. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	154	142	+ 8	1,259	1,174	+ 7	175	118	+48	1,179	1,170	+ 1
TRAVEL TRAILERS	88	122	−28	960	997	− 4	116	122	− 5	925	906	+ 2
TRUCK CAMPERS	19	17	+12	152	174	−13	10	17	−41	82	97	−15
CAMPING TRAILERS	85	85	0	866	990	−13	40	40	0	326	299	+ 9
FIFTH-WHEELS	32	31	+ 3	274	229	+20	17	23	−26	180	152	+18

	FOR MONTH			YEAR-TO-DATE		
	AUG. 1988	AUG. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$14,056,756	$11,835,407	+19	$113,046,663	$101,860,237	+11
TOTAL UNIT SALES	736	717	+ 3	6,203	6,188	< + 1
NEW-UNIT SALES	378	397	− 5	3,511	3,564	− 1
USED-UNIT SALES	358	320	+12	2,692	2,624	+ 3

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dawson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Bettie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Morse,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pfier,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Stipp,** Chattanooga, Tenn.; **Jack Stevens,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.